

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of a Proceeding to Deregulate
and Detariff the Embedded Customer
Premises Equipment Owned by Non-Bell
Telephone Companies Serving Customers
Within the State of Minnesota

ISSUE DATE: April 4, 1988

DOCKET NO. P-999/CI-85-68

ORDER AFTER FOURTH AND FIFTH
INTERIM REPORTS

PROCEDURAL HISTORY

On October 26, 1984 the Federal Communications Commission (the FCC) issued its Third Report and Order in FCC Docket No. 81-893. That Order required the states to adopt plans to detariff all embedded customer premises equipment (CPE) by December 31, 1987.

On January 22, 1986 the Minnesota Public Utilities Commission (the Commission) issued its Order Establishing Final Plan and Granting Conditional Approval and Certification. That Order established a plan, timetables, filing requirements, and enforcement procedures to carry out the detariffing required by the FCC Order. The Commission Order was amended and clarified on April 25, 1986 in an Order After Reconsideration. These Orders established a plan for detariffing and requested the Department of Public Service (the DPS) to monitor the companies' compliance with the plan.

The DPS has duly monitored companies' compliance with the plan, filing First, Second, and Third Interim Reports earlier in this proceeding. The Commission has issued Orders following those reports, finding some companies to be in compliance and ordering measures to ensure compliance by the remaining companies.

The DPS filed a status report on February 10, 1988 and filed Fourth and Fifth Interim Reports on February 16 and February 25, 1988. These reports set forth the compliance status of affected companies and made recommendations for Commission action in regard to them.

FINDINGS AND CONCLUSIONS

Companies Which Detariffed on December 31, 1987

The DPS reported that the 44 companies which stated their intention to detariff on December 31, 1987 have all done so and have furnished final compliance data demonstrating compliance with all requirements of the detariffing plan. These companies are listed on Attachment I. The DPS recommended that these companies be certified as in compliance and be relieved of further filing requirements under this docket.

The Commission accepts the DPS report as accurate and will accept its recommendation to find these companies in compliance.

Wolverton Telephone Company (Wolverton)

In its January 21, 1988 Order, the Commission found Wolverton to be in non-compliance with its Orders in this proceeding and directed the DPS to initiate enforcement proceedings against the Company. At that time, the Company had failed to respond to any of the Commission's directives in this docket.

The DPS reported that Wolverton had responded and had fully complied with the Commission's detariffing requirements. The DPS recommended that Wolverton be certified as in compliance and be relieved of further filing requirements under this docket.

The Commission accepts the DPS report as accurate and will accept its recommendation to find Wolverton Telephone Company in compliance.

Minnesota Lake Telephone Company (Minnesota Lake) and Danube Telephone Company (Danube)

Both these companies are small telephone companies, with fewer than 500 access lines each. They had previously reported replacing their old CPE with new, unregulated CPE which was being leased by their ratepayers. The Commission knew it was possible that not all the requirements of the detariffing plan would be applicable to their situations and was willing to consider alternative treatment if necessary.

At the time of the January 21 Order, however, these companies had not complied with the reporting requirements of Commission Orders in this docket. The Commission was therefore unable to verify matters such as proper disposition of the old equipment, retention of specialized equipment in the regulated accounts, and adherence to FCC-prescribed accounting procedures. The January 21 Order therefore directed these companies to supply specific information on such matters. Both companies complied on February 1.

The DPS examined their filings and reported that the companies had supplied all the information required in the January 21 Order. DPS recommended that they receive final approval under the detariffing plan.

The Commission finds that these two companies cannot reasonably be expected to comply with all the requirements of the Commission's detariffing plan. They no longer have the embedded CPE which was the subject of this proceeding. They disposed of it prior to its deregulation and detariffing. Its disposition was, however, reflected in the regulated accounts, which answers the Commission's major concerns in this docket. Similarly, specialized equipment remains in the regulated accounts, and FCC-prescribed accounting procedures are in place. To the extent that they can, these companies have complied with the Commission's plan.

It is appropriate, then, to grant these companies a waiver of full compliance with the detariffing requirements while finding them in substantial compliance with the detariffing plan.

The Commission has one remaining concern, however; the companies' ratepayers must be fully informed of their right to own their own CPE instead of leasing it from these companies. The Commission will therefore require that both companies send their customers written notice of this right within 45 days of the date of this Order. The Commission will then certify them to be in compliance with the detariffing plan.

ORDER

1. Those companies listed on Attachment I are found to be in compliance with the Commission's detariffing plan and are released from further compliance filings.
2. Wolverton Telephone Company is found to be in compliance with the Commission's detariffing plan and is released from further compliance filings.
3. Minnesota Lake Telephone Company and Danube Telephone Company are granted waivers from further compliance with the Commission's detariffing plan.

4. Within 45 days of the date of this Order Minnesota Lake Telephone Company and Danube Telephone Company must send their ratepayers written notice of their right to own their own CPE instead of leasing it from these Companies. The Companies shall file affidavits demonstrating compliance with this requirement within 60 days of the date of this Order. The Commission will then certify the Companies to be in compliance with the detariffing plan and relieve them from further filing requirements under this docket.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)

As listed in the December 3, 1987 Order After Second Interim Report:

1. Albany Mutual Telephone Ass'n.
2. Blue Earth Valley Telephone Co.
3. Bridgewater Telephone Co.
4. Cannon Valley Telecom, Inc.
5. Clara City Telephone Co.
6. Clements Telephone Co., Inc.
7. Delavan Telephone Co.
8. Dunnell Telephone Co., Inc.
9. Easton Telephone Co.
10. Eckles Telephone Co.
11. Emily Cooperative Telephone Co.
12. Federated Telephone Cooperative
13. Felton Telephone Exchange, Inc.
14. Home Telephone Co.
15. Kasson-Mantorville Telephone Co.
16. Madelia Telephone Co.
17. Manchester-Heartland Telephone Co.
18. Melrose Telephone Co.
19. Minnesota Valley Telephone Co.
20. Paul Bunyan Rural Telephone
21. Red River Rural Telephone Ass'n.
22. Redwood County Telephone Co.
23. Rock Dell Telephone Co.
24. Rothsay Telephone Co., Inc.
25. Sacred Heart Telephone Co.
26. Sherburne County Rural Telephone Co.
27. Spring Grove Cooperative Telephone Co.
28. Starbuck Telephone Co.
29. Twin Valley-Ulen Telephone Co.
30. Western Telephone Co.
31. Winthrop Telephone Co.
32. Woodstock Telephone Co.
33. Zumbrota Telephone Co.

Additional listed in the January 21, 1988 Order After Third Interim Report:

1. Callaway Telephone Co.
2. Crosslake Telephone Co.
3. Gardonville Cooperative Telephone Ass'n.
4. Harmony Telephone Co.
5. Hills Telephone Co.
6. Hutchinson Telephone Co.

7. Lonsdale Telephone Co., Inc.
8. Norman County Telephone Co., Inc.
9. Sioux Valley Telephone Co.
10. Sleepy Eye Telephone Co.
11. Upsala Cooperative Telephone Ass'n.